

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-107

April 26, 2002

CONSUMERS MAINE WATER COMPANY
- BUCKSPORT, Proposed Rate Change
(\$44,208 Increase in Revenue)

ORDER APPROVING
STIPULATION AND
GRANTING WAIVER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Order, we approve a Stipulation between the Office of the Public Advocate (OPA) and Consumers Maine Water Company's Bucksport Division (Consumers) allowing a 7.44% rate increase. In addition, we approve the parties' request to continue the Chapter 68 waiver granted in Docket 96-739, modified to allow for Bucksport assets to be depreciated at a level of \$65,000 per year.

II. BACKGROUND AND DECISION

On February 26, 2002, Consumers filed a proposed 8.02% rate increase for its Bucksport Division. The primary reason for the increase is higher operating costs since rates were last set in 1997.

On April 5, 2002, a prehearing and a technical conference was held by phone. The OPA's petition to intervene was granted. Following a period of written discovery, a second phone conference was held on April 8, 2002.

On April 11, 2002, the OPA and Consumers filed a stipulation to resolve all issues in this rate proceeding. Under the Stipulation, the Bucksport Division's revenue requirement will increase \$41,000 or 7.44%. The stipulated revenue increase reflects a reduction of \$2,158 in normalized rate case expense from the \$2,855 annual amount requested in the filing to \$697. The stipulated increase also reflects revenue reductions from the amounts requested in the filing of \$570 and \$480 for projected decreased power costs and increased accelerated tax depreciation, respectively.

The parties have also requested that the Commission extend the Chapter 68 waiver granted in Docket No. 96-739, modified such that depreciation on Bucksport assets would be booked at an annual level of \$65,000. Exclusive of corporate assets¹ depreciation, this amount represents an increase of \$15,000 over the \$50,000 allowed per the waiver granted in Docket No. 96-739. Consumers' February 26, 2002 filing indicates that Chapter 68 would allow \$98,000 in annual depreciation. According to Consumers, the original waiver was allowed to reduce the rate impact of the new plant

¹ Corporate assets are those assets that are owned and maintained on the books of Consumers Maine Water Company for the benefit of entire system. Bucksport assets are for the operation of that division only.

placed in service. It had hoped that the depreciation level initially granted would cover current additions to plant; Consumers has found that this has not been the case and has thus requested the increase in depreciation to the \$65,000 level.

The parties agree that the rate increase will be allocated pro rata evenly across all metered and fire protection classes.

In approving a stipulation, we consider whether the parties joining the stipulation represent a sufficiently broad spectrum of interests, whether the process leading to the stipulation was fair and whether the stipulated result is reasonable and not contrary to legislative mandate. See e.g., *Consumers Maine Water Company, Proposed General Rate Increase of Bucksport and Hartland Divisions*, Docket No. 96-739 (July 3, 1997) at 2. The Public Advocate represents the using and consuming public, in this case the customers of the Bucksport Division. The process of discovery and two technical conferences allowed an opportunity for all interested persons to gather information about the reasons for the increase.

We believe that the process was fair; all interested parties had an opportunity to participate. We find that the proposed Stipulation resolves this case consistent with the law and the public interest. We will therefore allow the rate schedules filed with the Stipulation to go into effect as of the date of this Order and the Chapter 68 waiver be granted.

Accordingly, we

O R D E R

1. That the Stipulation (attached to this Order) filed in Docket No. 2002-70 on April 11, 2002 is approved;
2. That Bucksport Division Rate Schedules Pages 1,2,3,4 and 5 (All Fourth Revisions) filed on April 11, 2002 are approved; and
3. And the Chapter 68 waiver be granted.

Dated at Augusta, Maine, this 26th day of April, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Diamond

COMMISSIONER ABSENT: Nugent

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.